

Message Text

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51
ACTION EB-11

INFO OCT-01 ARA-16 ISO-00 INT-08 CAB-09 CIAE-00 COME-00

DODE-00 INR-10 NSAE-00 RSC-01 FAA-00 SCI-06 OMB-01

TRSE-00 SS-20 NSC-10 L-03 H-03 DOTE-00 DRC-01 /100 W
----- 052376

P R 061449Z DEC 73
FM AMEMBASSY PANAMA
TO SECSTATE WASHDC PRIORITY 9251
INFO PANCANAL
USSOUTHCOM

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EO 11652: N/A
TAGS: ENRG, ETRN, PN

PASS OFFICE OF PETROLEUM ALLOCATION, DEPT. OF INTERIOR

SUBJ: CIVIL AVIATION - AIR PANAMA PROTESTS FUEL CUTS

REF: STATE 232739

SUMMARY: GENERAL MANAGER AIR PANAMA CALLED DECEMBER 5
SEEKING EMBASSY ASSISTANCE FOLLOWING RECEIPT OF LETTER
FROM ESSO THAT JET FUEL SUPPLIED TO CARRIER AT MIAMI
WILL BE CUT BY 90 PERCENT. SUCH DRASIC CUTBACK, IF
CARRIED OUT, FOR PANAMA'S PRINCIPAL INTERNATIONAL CARRIER
COULD COMPLICATE GRAVELY US-PANAMANIAN RELATIONS AT VERY
MOMENT WHEN PROSPECTS FOR RENEWED TREATY NEGOTIATIONS
ARE ENCOURAGING. ACTION REQUIRED: THAT PROPOSED JET
FUEL REDUCTION AT MIAMI TO AIR PANAMA BE REVIEWED ON
MOST URGENT BASIS TO SEE IF MORE EQUITABLE DISTRIBUTION
IS POSSIBLE. END SUMMARY.

1. GENERAL MANAGER, AIR PANAMA, PANAMA' PRINCIPAL
INTERNATIONAL CARRIER, CALLED AT EMBASSY DECEMBER 5,
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REQUESTING EMBASSY ASSISTANCE IN MATTER OF 90 PERCENT

REDUCTION IN JET FUEL BEING SUPPLIED BY CHEVRON AT MIAMI AS AGENT FOR ESSO STANDARD OIL. AIR PANAMA HAS FIVE YEAR CONTRACT WITH ESSO TO SUPPLY JET FUEL AT NEW YORK, MIAMI, GUATEMALA, PANAMA AND GUAYAQUIL. CONTRACT EXPIRES MAY 24, 1974.

2. GENERAL MANAGER EXPLAINED THAT CHEVRON INFORMED ESSO THAT CHEVRON CAN NO LONGER CONTINUE SERVING AIR PANAMA AT MIAMI AND THAT FUEL AVAILABLE ONLY THROUGH DECEMBER 9. AIR PANAMA STATES THAT ITS CONTRACT IS WITH ESSO, NOT CHEVRON, AND THAT LATTER ONLY ACTS AS AGENT FOR ESSO AT MIAMI. THEREFORE, ESSO MUST COMPLY WITH CONTRACT OR SHOW CAUSE.

3. AIR PANAMA RECEIVED LETTER FROM ESSO STANDARD OIL, S.A. LIMITED, DATED NOVEMBER 26, INFORMING AIR PANAMA THAT CARRIER HAD 189,000 GALS FUEL AVAILABLE AT MIAMI EFFECTIVE NOVEMBER FIRST TO RUN THROUGH END OF YEAR. AIR PANAMA RECEIVED LETTER ON NOVEMBER 27 AND, AS OF THAT DATE, HAD ALREADY USED TWO-THIRDS OF AMOUNT. LETTER STATED THAT WHEN THIS AMOUNT CONSUMED, "SUPPLY WOULD BE REDUCED TO 10 PERCENT OF NORMAL CONSUMPTION." AS A RESULT OF THESE DRASIC REDUCTIONS, AIR PANAMA WOULD BE ELIMINATED AS INTERNATIONAL CARRIER TO MIAMI AND NEW YORK SINCE ITS AIRCRAFT CANNOT OPERATE WITHOUT REFUELING AT MIAMI.

4. AIR PANAMA IS REPUBLIC OF PANAMA'S DESIGNATED FLAG CARRIER UNDER BILATERAL. IT IS A "DEVELOPING" AIRLINE. IT OPERATED THREE FLIGHTS WEEKLY TO MIAMI DURING 1972. IN APRIL 1973, SERVICE TO MIAMI WAS INCREASED TO SEVEN FLIGHTS WEEKLY, AND IN JUNE, 1973, FOUR OF THESE FLIGHTS WERE EXTENDED TO NEW YORK. A JET FUEL ALLOCATION FOR AIR PANAMA BASED ON 1972 SERVICE AND FUEL CONSUMPTION IS CLEARLY NOT AN EQUITABLE BASIS FOR PRO RATA SHARE IN 1974. AIR PANAMA CONTENDS THAT ITS AVERAGE FUEL CONSUMPTION DURING THIRD QUARTER 1973 WOULD CONSTITUTE REASONABLE BASIS FOR ALLOCATION, AND PROJECTS AN AVERAGE OF 180,000 GALS/MONTH AT MIAMI AND 60,000 GALS/MONTH FOR NEW YORK.

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5. EMBASSY BELIEVES THAT DEPARTMENT SHOULD BRING AIR PANAMA CASE TO ATTENTION OF OFFICE OF PETROLEUM ALLOCATION, DEPARTMENT OF INTERIOR, ON MOST URGENT BASIS TO THE END THAT AN EQUITABLE SOLUTION MAY BE REACHED FOR ALLOCATING JET FUEL FOR THE CARRIER'S OPERATIONS TO US. AS DESIGNATED FLAG CARRIER UNDER BILATEAL, AIR PANAMA ENTITLED TO COOPERATION AS US CARRIERS ARE IN PANAMA.

SHOULD BE NOTED THAT PAN AMERICAN AND BRANIFF OPERATE
FIVE FLIGHTS DAILY BETWEEN PANAMA AND MIAMI/NEW YORK
UNDER BILATERAL AIR AGREEMENT.

EMBASSY BELIEVES THIS PROBLEM COULD EASILY BE MISCON-
STRUED AND INFLUENCE ADVERSELY TREATY NEGOTIATIONS WHICH
ONLY NOW APPEAR ENCOURAGING AS WELL AS US-PANAMANIAN CIVIL
AIR RELATIONS UNDER EXISTING BILATERAL.

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Message Attributes

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